

## **IC 20-5-4**

### **Chapter 4. Borrowing; Bonds**

#### **IC 20-5-4-1**

##### **Purposes for which bonds may be issued**

Sec. 1. School corporations are authorized to issue bonds for the purpose of paying the cost of acquisition, improvement of real estate for school purposes, the funding of judgments, and/or purchase of school buses, and all incidental expenses incurred in connection therewith and on account of the issuance of such bonds. Improvement of real estate shall include, but not be limited to, construction, reconstruction, remodeling, alteration, or repair of buildings, parts of buildings or additions to buildings, equipment thereof, auxiliary facilities therefor, including but not limited to facilities for furnishing water, gas and electricity, carrying and disposing of sewage and storm and surface water drainage, housing of school owned buses, landscaping of grounds, construction of walks, drives, parking areas, playgrounds or facilities for physical training.

*(Formerly: Acts 1965, c.307, s.401.)*

#### **IC 20-5-4-1.5 Repealed**

*(Repealed by P.L.16-2000, SEC.2.)*

#### **IC 20-5-4-1.7 Version a**

##### **Bonds issues before December 31, 2004, for purpose of retirement or severance liability**

*Note: This version of section effective until 12-31-2004. See also following repeal of this section, effective 12-31-2004.*

Sec. 1.7. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.

(b) In addition to the purposes set forth in section 1 of this chapter, a school corporation may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following limitations:

- (1) A school corporation may issue bonds for the purpose described in this section only one (1) time.
- (2) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as of June 30, 2001.
- (3) The amount of the bonds that may be issued for the purpose described in this section may not exceed two percent (2%) of the true tax value of property in the school corporation.
- (4) Each year that a debt service levy is needed under this section, the school corporation shall reduce its total property tax

levy for the school corporation's transportation, school bus replacement, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(5) A school corporation that issues bonds under this section shall establish a separate debt service fund for repayment of the bonds.

(c) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(d) Bonds issued under this section must be issued before December 31, 2004.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20.

(f) Bonds issued under this section are not subject to the limitations contained in IC 36-1-15.

*As added by P.L.253-2001, SEC.1. Amended by P.L.10-2003, SEC.1.*

#### **IC 20-5-4-1.7 Version b**

##### **Repealed**

*(Repealed by P.L.10-2003, SEC.3.)*

*Note: This repeal of section effective 12-31-2004. See also preceding version of this section, effective until 12-31-2004.*

*Revisor's Note: The repeal of this section by P.L.253-2001, SEC.3 was itself repealed by P.L.10-2003, SEC.2 before the effective date of the P.L.253-2001, SEC.3 repealer.*

#### **IC 20-5-4-2**

##### **Terms of bond**

Sec. 2. Bonds authorized by IC 20-5-1 through IC 20-5-6 shall be payable in such amounts, at such times and place or places as the governing body may determine. Bonds issued for the funding of judgments or for the purchase of school buses shall mature not more than five (5) years from the date of such bonds. Bonds issued for other purposes shall mature not more than twenty-five (25) years from the date of such bonds. The governing body may provide that principal and interest of the bonds shall be payable at a bank within the state of Indiana, and may also be payable at the option of the holder at such other bank or banks as may be designated by the governing body, either before or after sale. The governing body shall be authorized to pay the fees of such bank paying agent or agents, and shall deposit with the paying agent or agents, if any, on or within a reasonable period before the date any principal and interest shall become due sufficient money for the payment of such principal and interest on the due dates thereof.

*(Formerly: Acts 1965, c.307, s.402.) As amended by P.L.2-1988, SEC.522.*

#### **IC 20-5-4-3**

**Sale of bonds; interest rates**

Sec. 3. Bonds issued by a school corporation shall be sold at not less than par value, at public sale as provided by IC 5-1-11, at any rate or rates of interest determined by the bidding. If the net interest cost exceeds eight percent (8%) per year, the bonds shall not be issued until such issuance is approved by the department of local government finance.

*(Formerly: Acts 1965, c.307, s.403.) As amended by Acts 1981, P.L.11, SEC.102; P.L.198-1985, SEC.1; P.L.90-2002, SEC.405.*

**IC 20-5-4-4****Execution and delivery of bonds**

Sec. 4. Bonds shall be executed in the name and on behalf of the school corporation by the president and secretary of the governing board. One of such signatures may be by facsimile imprinted thereon, but at least one of such signatures shall be manually affixed. The secretary of the governing board shall cause the seal of the school corporation to be impressed, or a facsimile thereof printed, on each of the bonds. The interest coupons, if any, shall be executed by the facsimile signature of the treasurer of the governing board. If all or any of such officers shall cease to be such officers for any reason after they have so executed such bonds but before such bonds have been delivered to the purchaser or purchasers thereof, the bonds shall nevertheless be binding and valid obligations as if such officers were in office at the time of delivery. The treasurer of the governing body shall cause such bonds to be delivered to the purchaser or purchasers thereof and shall receive payment therefor.

*(Formerly: Acts 1965, c.307, s.404.)*

**IC 20-5-4-5****Tax levy to pay principal and interest of bond**

Sec. 5. The governing body shall provide for the payment of principal and interest of such bonds by levying annually a tax sufficient to pay the principal and interest as they shall become due. The bodies charged with the review of budgets and tax levies shall review such levy for principal and interest to ascertain that such levy is sufficient for such purposes.

*(Formerly: Acts 1965, c.307, s.405.)*

**IC 20-5-4-6****Emergency loans; authorization**

Sec. 6. If the governing board shall find, by written resolution, that an emergency exists which requires the expenditure of any money for any lawful corporate purpose which was not included in its existing budget and tax levy, it may authorize the making of an emergency loan which may be evidenced by the issuance of its note or notes in the same manner and subject to the same procedure and restrictions as provided for the issuance of its bonds, except as to purpose. At the time for making the next annual budget and tax levy for such school corporation, the governing body shall make a levy to

the credit of the fund for which such expenditure is made sufficient to pay such debt and the interest thereon; however, the interest on the loan may be paid from the debt service fund.

*(Formerly: Acts 1965, c.307, s.406.) As amended by Acts 1977, P.L.255, SEC.3.*

#### **IC 20-5-4-7**

##### **Application of general appropriation and bonding laws**

Sec. 7. The provisions of all general statutes and rules relating to filing of petitions requesting the issuance of bonds and giving notice thereof, giving notice of determination to issue bonds, giving notice of a hearing on the appropriation of the proceeds of the bonds and the right of taxpayers to appear and be heard on the proposed appropriation, the approval of the appropriation by the department of local government finance, and the right of taxpayers to remonstrate against the issuance of bonds shall be applicable to proceedings for the issuance of bonds and the making of an emergency loan under IC 20-5-1 through IC 20-5-6. No action to contest the validity of such bonds or emergency loans shall be brought later than five (5) days after the acceptance of a bid for the sale thereof.

*(Formerly: Acts 1965, c.307, s.407.) As amended by P.L.2-1988, SEC.523; P.L.90-2002, SEC.406.*

#### **IC 20-5-4-8**

##### **Emergency loans; tax anticipation warrants**

Sec. 8. (a) Whenever the governing board of a school corporation finds and declares that an emergency exists for the borrowing of money with which to pay current expenses from a particular fund before the receipt of revenues from taxes levied or state tuition support distributions for such fund, the governing board may issue warrants in anticipation of the receipt of said revenues.

(b) The principal of these warrants shall be payable solely from the fund for which the taxes are levied or from the general fund in the case of anticipated state tuition support distributions. However, the interest on these warrants may be paid from the debt service fund, from the fund for which the taxes are levied, or the general fund in the case of anticipated state tuition support distributions.

(c) The amount of principal of temporary loans maturing on or before June 30 for any fund shall not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the June settlement.

(d) The amount of principal of temporary loans maturing after June 30, and on or before December 31, shall not exceed eighty percent (80%) of the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund at the December settlement.

(e) At each settlement, the amount of taxes and state tuition support distributions estimated to be collected or received for and distributed to the fund includes any allocations to the fund from the

property tax replacement fund.

(f) The estimated amount of taxes and state tuition support distributions to be collected or received and distributed shall be made by the county auditor or the auditor's deputy. The warrants evidencing any loan in anticipation of tax revenue or state tuition support distributions shall not be delivered to the purchaser of the warrant nor payment made on the warrant before January 1 of the year the loan is to be repaid. However, the proceedings necessary to the loan may be held and carried out before January 1 and before the approval. The loan may be made even though a part of the last preceding June or December settlement has not yet been received.

(g) Proceedings for the issuance and sale of warrants for more than one (1) fund may be combined, but separate warrants for each fund shall be issued and each warrant shall state on its face the fund from which its principal is payable. No action to contest the validity of such warrants shall be brought later than fifteen (15) days from the first publication of notice of sale.

(h) No issue of tax or state tuition support anticipation warrants shall be made if the aggregate of all these warrants exceed twenty thousand dollars (\$20,000) until the issuance is advertised for sale, bids received, and an award made by the governing board as required for the sale of bonds, except that the sale notice need not be published outside of the county nor more than ten (10) days before the date of sale.

*(Formerly: Acts 1965, c.307, s.408; Acts 1971, P.L.316, SEC.1.) As amended by Acts 1977, P.L.255, SEC.2; P.L.43-1992, SEC.12.*

#### **IC 20-5-4-9**

##### **Temporary transfers by school corporations**

Sec. 9. Temporary transfers of funds by any school corporation may be made as authorized by IC 36-1-8-4.

*(Formerly: Acts 1965, c.307, s.409.) As amended by P.L.2-1988, SEC.524.*

#### **IC 20-5-4-10**

##### **Levy for school debt service obligations; payment in case of default**

Sec. 10. (1) Prior to the end of each calendar year the department of local government finance shall review the bond and lease rental levies, or any levies which replace such levies, of each school corporation, payable in the next succeeding year, and the appropriations from such levies from which the school corporation is to pay the amount, if any, of principal and interest on its general obligation bonds and of its lease rentals under IC 21-5-11 through IC 21-5-12, during such succeeding year (such amounts being referred to in this section as its "debt service obligations"). In the event such levies and appropriations of the school corporation are not sufficient to pay the debt service obligations, the department of local government finance shall establish for each school corporation bond and lease, rental levies, or any levies which replace such levies and appropriations which are sufficient to pay such debt service

obligations.

(2) Upon the failure of any school corporation to pay any of its debt service obligations during any calendar year when due, the treasurer of state upon being notified of such failure by any claimant shall make such payment from the funds of the state to the extent, but not in excess, of any amounts appropriated by the general assembly for the calendar year for distribution to such school corporation from state funds, deducting such payment from such amounts thus appropriated. Such deducting being made, first from property tax relief funds to the extent thereof, second from all other funds except tuition support and third from tuition support.

(3) This section shall be interpreted liberally so that the state of Indiana shall to the extent legally valid ensure that the debt service obligations of each school corporation shall be paid, but nothing contained in this section shall be construed to create a debt of the state of Indiana.

*(Formerly: Acts 1965, c.307, s.410; Acts 1967, c.272, s.1.) As amended by P.L.2-1988, SEC.525; P.L.90-2002, SEC.407.*